



State Senator Sheila Harsdorf

February 27, 2008

To: Members of the Assembly Committee on Insurance
From: Senator Sheila Harsdorf
Re: Testimony on Assembly Bill 668 – Membership of the Group Insurance Board

Thank you, Chairman Lasee and Committee members, for holding a public hearing on Assembly Bill 668 and providing me with an opportunity to testify in favor of this legislation.

The Group Insurance Board is the oversight body within the Department of Employee Trust Funds that administers insurance plans for state employees. The Board is currently composed of eleven members, six of which are appointed by the Governor to serve two-year terms. The appointed members must also meet certain requirements as set forth in statute that ensures representation among certain groups with an interest in the Wisconsin Retirement System.

Assembly Bill 668 seeks to expand the Group Insurance Board from eleven members to thirteen, by adding two additional appointed members. Furthermore, Assembly Bill 668 would require that the eight appointed members reside in each of the eight Congressional districts. This change seeks to enhance the Board by creating regional representation among its members.

This legislation is a means to provide state employees from all parts of Wisconsin with a voice on the Group Insurance Board. As you know, one of the responsibilities of the Board is to seek out bids to create a network of health care providers for state employees. By requiring regional representation on the Board, we can ensure that input from areas with unique characteristics or requirements will be heard.

When the health insurance plans for state employees in western Wisconsin border counties, such as Pierce, St. Croix and Polk, changed for 2008, there was a great deal of anxiety and uncertainty on the impact of the changes on families, including questions on which providers would be available and the cost for families to continue seeing their doctors that may no longer be included in a state plan. Providing regional representation would provide assurances to state employees that their input will be heard.

Thank you again for the opportunity to testify in support of Assembly Bill 668. I urge your support and prompt action on moving this legislation forward for a vote before the full Assembly and would be happy to answer any questions members may have.

Woebke, Matt

From: Randy Johnston [randy.johnston@uwrf.edu]
Sent: Monday, February 18, 2008 3:31 PM
To: Sen.Harsdorf
Subject: Senate Bill 336 Health Insurance

Dear Senator Harsdorf;

In Regard to the Assembly Bill 668 and Senate Bill 336 hearing. This is an example of my two month experience with Anthem Insurance.

As a UWRF employee I recently switched health insurance to Anthem. We had used Humana preferred one for years and were satisfied with the benefits.

Since early January I have a paper trail and phone call trail of the very difficult process of trying to get what should be a direct Primary Care referral from my physician at the Hudson Clinic to an "out of network" specialist for surgical removal of a diagnosed skin cancer. There is no (in Network) dermatologist providing this surgery within the fifty mile limit set by Anthem. This is a problem for us living close to the Minneapolis St Paul area.

I feel that Anthem is either a very disorganized structure that does not communicate within itself (incompetent) or it is clever in the way it sets up its layers (non payment caveats) and self protections, by incorrectly entering data (Physicians names) and wrong procedure codes. It has been very time consuming and frustrating to go through just one simple referral.

Phone calls are either routed in a circular fashion or not returned. After many phone calls to various numbers I have found that the final referral numbers on Anthem's records turns out to be "three office visits" to the specialist. This was Not the specific specialist nor the surgical procedure that was specified and on the Anthem form provided to and filled out by the Hudson clinic. The original referral form was sent from Hudson Clinic to Anthem.

I was told I might have needed an additional referral request after the office visit approved. They are confused and no one seems to be informed of the process for "out of network" referrals. I had the surgery based on the original reference approval number and date from Anthem. The helpful customer service rep from Anthem has said just to wait and see what kind of billing comes through their system. and we can move forward from there, because she could not tell if the procedure had approval or not based on her information. This referral process started December 13th, 2007. In my opinion this should be a direct simple process.

This is unacceptable service for the amount of money the state pays to Anthem per employee as our benefit package and our out of pocket additional insurance expense. We need access to specialty clinics in our geographical area.

Please call me if you would like supporting materials.

Sincerely;

Randy Johnston
Professor

425 3308



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CORRESPONDENCE MEMORANDUM

DATE: February 27, 2008
TO: Honorable Members of the Assembly Committee on Insurance
FROM: Matt Stohr, Director of Legislation, Communications and Planning
SUBJECT: 2007 Assembly Bill 668

The Department of Employee Trust Funds opposes 2007 Assembly Bill 668 (AB 668).

- The Group Insurance Board is responsible for providing, on behalf of the state, group health insurance plans for state employees, local public employees and retired public employees.
- Currently, the Group Insurance Board consists of 11 members. Five of the members are ex-officio (the Governor, the Attorney General, the Secretary of Administration, the Director of Employment Relations, and the Commissioner of Insurance or their designees). The remaining six members are appointed by the Governor, four of whom must be participating in the Wisconsin Retirement System in some capacity.
- AB 668 would expand the membership by two members and require that each of the state's congressional districts be "represented" on the Group Insurance Board by a resident of the congressional district.
- The Group Insurance Board is a board of trustees. They are fiduciaries. Under current law, they must act solely for the benefit of all the beneficiaries of the trust fund and may take any action not otherwise specifically prohibited to carry out the intent and purposes of the group insurance plans. Members do not, and cannot, represent a particular area, ideology or group. Representing an area, ideology or group would conflict with their fiduciary obligations of impartiality and loyalty to all members rather than a particular constituency.
- At a time when the Board is challenged to find ways to hold down the cost of providing health benefits for public employees, difficult decisions regarding benefits, providers and premiums need to be made. Those decisions may affect employees around the state. The Board and the Department have been successful in doing this with, among other things, the tiering model that the Legislature helped us initiate.
- This model puts tremendous pressure on health plans to provide the best value for the state's dollar. Sometimes it causes plans to reconfigure their provider networks in an effort to improve value and eliminate inefficiency. This is what happened in West-Central Wisconsin this past fall and is the primary reason AB 668 is before you.

- The Department believes that changing the composition of the Board in reaction to occasional employee dissatisfaction with difficult decisions that the Board makes is sending the wrong message. It will discourage the Board from focusing on the prudent, long-term management of the plans and will instead cause them to seek to please everyone in the short term. This will decrease the effectiveness of the tiering system and will result in increased costs to the state, its employees and retirees.

ETF respectfully requests that you take no further action on AB 668. Please do not hesitate to contact me at 608.266.3641 if you have questions or would like to discuss this issue.

Thank you for considering our comments.

Testimony of Chancellor Don Betz
Given by Vice Chancellor Mary Halada
February 27, 2008
Assembly Bill 668
Committee on Insurance

Chair Lasee, members of the committee....I am Mary Halada, Vice Chancellor of UW-River Falls. I am representing Chancellor Don Betz whose schedule unfortunately did not allow him to speak with you today. I am here on behalf of our University community to ask you to pass Assembly Bill 668. This legislation affects not only 590 faculty and staff at UWRF, but all state employees in Pierce and St. Croix counties. The bill has a very simple premise: to provide regional representation on the Group Insurance Board, which oversees the Employee Trust Fund.

One voice is missing, and it has been absent for some time. During this past Dual Choice period of sign-up for state health insurance options, all state employees in our region were subjected to unreasonable uncertainty about our health care choices. Even to this day we are still challenged on a daily basis with the uncertainties of who are our health care providers, where we must go to find them, and whether those with acute or chronic illnesses will be allowed continuing health care coverage by their previous physicians.

In November, we were provided with three choices: subscribe to Tier I Humana Premier West, which did not provide access to Minnesota health care providers, and even at that late date there was confusion about access to clinics and hospitals in River Falls and Hudson. Tier II, Anthem, provided a very similar network, but at a higher cost. Tier III, the Standard Plan provided by Wisconsin Physicians Service, provides access to Minnesota health care providers, but at five times the cost as Tier 1.

Ladies and Gentlemen, UWRF is located within the metropolitan area of Minneapolis-St. Paul. Downtown St. Paul is just 25 minutes away. The Minnesota metropolitan area consists of 2.5 million people, and offers an exceptional range of health care options one would expect for that size of population.

Unless state employees are willing to pay an extremely high premium—\$358 per month—they are confined to western Wisconsin. With a 10-county region of just 365,000 persons, our health care options are substantially less and often distant from us.

The problems we encountered this year are especially acute and have taken a human toll. However, this is not the first year we've experienced a lack of awareness regarding our unique circumstances due to our proximity to the Twin Cities.

The confusion and worry about health care options last November are best illustrated by the fact that 258 UWRF employees changed carriers. In a normal year we have averaged 20 changes. Those changes have caused higher premiums to many employees, and a significant cost to the state.

This year there are 105 UWRF employees who changed to Tier 3 to guarantee their access to Minnesota health care providers. In a time of decreasing state revenues, that will cost Wisconsin an additional \$432,558 in premiums this year. For UWRF employees, it's an additional \$2,496 in annual premiums. This does not include out-of-pocket costs and deductibles that could add up to another \$4,000. I'll note that 14 of those employees who changed are making less than \$40,000. There is also no vision or routine dental included, so employees must pay for that themselves.

A handful of Tier 3 subscribers moved to a lower tier. But the savings to the state will be just \$22,531 this year, which is not enough to pay for even one month's cost to Wisconsin in additional Tier 3 premiums.

Over the past four plus months, we have applied as much pressure as possible to seek resolution to our issues. Some progress is being made as Humana West seeks to expand network providers and include some in the Twin Cities. In fact, yesterday we received a list of Twin Cities specialists now in the network. This is good news. Unfortunately, health plan choices had to be made prior to January 1 and staff are now committed for twelve months.

Our concern is also for the long-term. What happens to UWRF employees in the years ahead? Who will be our advocate? I urge you to give west-central Wisconsin a voice on the Group Insurance Board by approving this request for regional representation. Several years ago we nominated Gary Rohde, former Wisconsin Secretary of the Department of Agriculture for a Group Insurance Board position, however, there was no response. As state employees we have the right to expect the same consideration as employees in Madison, Milwaukee, Green Bay or Platteville.

Thank you. We look forward to a constructive relationship with ETF and the other state agencies involved in making our health insurance choices. I'll be happy to answer any questions you may have.